

Building consumer confidence:

Reframing risk and guiding investor behaviour

Evidence based improvements to investor journeys

Introduction

Many people overestimate investment risks and underestimate the long term benefits of regular investing. Standard warnings such as "capital at risk" or "past performance is not a reliable indicator of future returns" are intended to protect consumers but often have the opposite effect — triggering fear, confusion and a sense that investing "isn't for people like me."

Vanguard examined how investors interpret risk disclosures through unmoderated¹ user testing, qualitative² interviews, and a nationally representative survey. The research revealed that traditional risk warnings are not only poorly understood, but for many new or lower confidence investors, they **actively discourage engagement**.

The research focused on three important factors that help reduce fear, build confidence and ultimately enable clients to make more informed decisions:

1. Language & tone to inform and reassure
2. Contextual placement to aid understanding and decision-making
3. Inclusion of educational content to build confidence

The four phases of our research

Phase 1: Unmoderated testing assessed disclaimers for their impact on creating/ alleviating fear around investing, providing reassurance, education, and likelihood to invest.

Phase 2: Took the learnings and built a new disclaimer with language focused on 'informing' rather than 'warning' clients. We analysed how word choice affected people's confidence in investing.

Phase 3: Took the preferred disclaimer and tested it against the control with a nationally representative sample of 2,220 participants.

Phase 4: The testing was moved into a real-world setting using the 'Open an ISA' journey, recognising that people's stated intentions often differ from their actual behaviour.

¹ The unmoderated surveys included 50 participants aged between 18 and 64, October 2025.

² The qualitative research was conducted by Vanguard with participants who were new to investing, aged 20–60, October 2025.

Key learnings



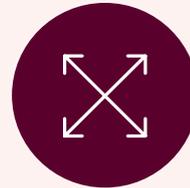
Language matters.
Current risk disclosures compound existing fears. Industry jargon like the use of 'capital' cause confusion.



Balance is key.
Presenting both the potential risk and rewards of investing helps inform decision making and build trust.



Contextual placement increases the likelihood that disclosures will be read and understood.



Brevity is not always best – people don't mind longer content, if it's informative.



Language

Qualitative and quantitative³ evidence converges on one consistent conclusion: **people prefer disclosures that feel human, educational and balanced.**

Participants described traditional warnings as abrupt, fear-inducing and highly technical:

"That reinforces fear – makes me think 'this isn't for me'"

"That makes we want to run and adopt the fetal position!"

"What does that (capital at risk) even mean?"

The alternative wordings, including phrases like **'as you start your journey with us'** were consistently perceived as professional, trustworthy and motivating:

The feedback suggests that investment disclosures are most effective when they educate clients on the importance of time and use a human, reassuring tone. Presenting information in a bulleted format helps capture attention and improve engagement.

"Feels more like a partnership"

"We're in it together"

³ In partnership with The Nursery, total sample of 2,220 nationally representative participants, October 2025.



Balance

The study revealed that traditional investment disclaimers, which typically emphasise only the risks and potential losses associated with investing, often have an intimidating effect on clients. This one-sided focus can discourage participation by making investing seem daunting or inaccessible.

In contrast, when disclosures were revised to present a more balanced view—highlighting both the risks and the potential rewards, and emphasising the long-term nature of investing (for example, considering performance over five years)—the feedback was overwhelmingly positive:

"It gives you a timeframe that you should be prepared to leave your money in for"

"It does the best job of informing and educating"



Brevity is not always best

Our research also showed that longer disclosure text can be preferable if it helped increase understanding, with one responder saying "It contains more detail and teaches you stuff!"

When it comes to educational materials, our research suggests retail investors favour more detailed content when it provides clear explanations and meaningful value.

"Stay invested!! Really interesting chart with actual figures and actual sources – I love it"



Contextual placement

We also tested the placement of the disclosures at different points in the 'Open an ISA' journey. The control version was kept on the penultimate page of the journey and included wording around contacting a financial adviser and investment performance warnings.

The alternative disclosure was split with the financial adviser wording moved to the start of the onboarding journey and the investment performance wording included at the point of selecting funds.

Findings

The financial advice wording was universally preferred at the start of the journey:

"It's better to see the line on advice beforehand..."

"The key message is, it may go up or down but in the long term be patient and you'll be OK"

Quantitative results

Following the qualitative research, Vanguard partnered with The Nursery to conduct a quantitative study of the control and alternative risk disclosures. The goal was to empirically assess how different disclosure wordings affect investor confidence in a nationally representative sample.

Specifically, we wanted to know which version of risk disclosure is more effective at:

- Building confidence
- Supporting decision-making
- Increasing the likelihood of investing

A nationally representative study of 2,220 people consisting of 1,500 UK adults and 720 Vanguard clients confirmed the qualitative findings.

The study compared two different disclosure

formats. The control version presented all disclosures together in a single section (see Figure 1), whereas the new approach (Version 2) included updated wording based on the qualitative feedback, with disclosures separated and incorporated at relevant points throughout the investment journey to provide greater context for investors.

Respondents were asked to score both versions on their effectiveness across the following statements:

- Makes me more confident to invest
- More likely to invest
- Told me something new
- Investing is for long term savings goals

FIGURE 1

V1 – Control

If you're unsure whether our products and services are suitable for you, please speak to an authorised financial adviser. Past performance is not a reliable indicator of future returns. The value of investments, and the income from them, may fall or rise and you might get back less than invested.

V2 – Full new explanation

Not sure this is right for you?

If you'd like investment advice that's unique to you, consider speaking to an independent financial adviser.

Remember that past performance is not a reliable indicator of future returns.

As you start your journey with us, remember

- The most successful investors tend to be disciplined and think long term
- Investments typically drive greater returns over a period of 5 years or more compared to saving cash (so you could reach your goals sooner)
- Keep in mind that during market movements, there may be times where your investment is worth less than you started with. The longer you stay invested, the more time you'll have to ride market ups and downs and grow your money

Across the nationally representative sample, Version 2 saw significant uplifts:

- Make me more confident to invest **(54% versus 44% control version)**
- More likely to invest **(51% versus 40% control version),**
- Told me something new **(48% versus 39% control version).**
- Investing is for long term savings goals **(84% versus 73% control version)**

In a nutshell, the fuller statement is the standout winner



It builds understanding that investing is a long term saving approach and improves confidence and likelihood to invest



It reduces anxieties about investing among intenders, telling them something new in a clear and easy to understand way



The additional text is informative, helpful and inspires confidence, particularly for active intenders

We then segmented the sample into those open to investing within the next five years. Within that cohort, we further segmented the respondents by: women; 18-34 year-olds; and those planning to invest within the next 12 months.

Across other metrics — likelihood to invest, perceived learning, and clarity around long term saving goals — Version 2 consistently delivered higher scores.

In Figure 2, we show the results across the different segments, with Version 2 outperforming the control in key areas:

FIGURE 2

Control disclosure		Open to investing next 5 years				
Descriptor	National Sample	All	Women	18-34 year olds	Invest within 12m	
Makes me more confident to invest	44%	49%	46%	58%	58%	
Makes me more likely to invest	40%	46%	42%	54%	55%	
Helped me learn something new	39%	40%	35%	56%	45%	
Helped me understand investing is for long term saving goals	73%	75%	75%	71%	79%	
V2 disclosure		Open to investing next 5 years				
Descriptor	National Sample	All	Women	18-34 year olds	Invest within 12m	
Makes me more confident to invest	54%	61%	62%	71%	73%	
Makes me more likely to invest	51%	57%	56%	72%	59%	
Helped me learn something new	48%	48%	52%	59%	49%	
Helped me understand investing is for long term saving goals	84%	86%	86%	86%	88%	
Sample size	500	231	133	78	104	

Source: Vanguard and The Nursery.

Confidence uplift

Control

58%

confident
to invest

Version 2

73%

confident
to invest

 **15 point increase (25% uplift)**

Women

Control

46%

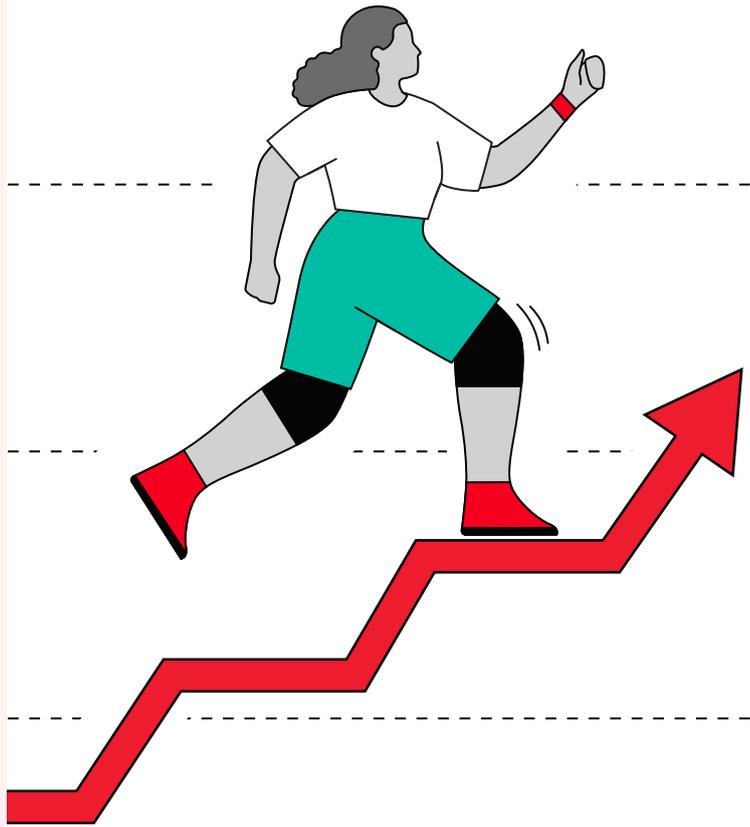
confident
to invest

Version 2

62%

confident
to invest

 **16 point increase (34% uplift)**



Contextual placement

Like our qualitative findings, the quantitative study showed that 86% of investors want risk disclosures provided earlier—on the product page, during account setup, or when choosing an investment amount—rather than just before purchase confirmation.

Investors want this information earlier in the journey



Real world testing

To validate the findings in a live environment, Vanguard A/B tested Version 2 against the control disclosure within our execution-only ISA onboarding process. We used drop-off rates, i.e., individuals that did not complete the onboarding process, to validate whether users were more confident in starting to invest because of the different wordings.

The test ran for two months from November 2025 to January 2026 with a 50/50 traffic split. The results were striking, with a **23% reduction in drop off rates** through Version 2.

The result provides real-world evidence that clearer, more informative risk disclosures not only improve understanding but also support customer follow through. It demonstrates that improved communication can drive better commercial and customer outcomes without compromising regulatory clarity.

Learning moments

In all walks of life, education plays a crucial role in empowering individuals to make informed decisions by increasing their understanding of complex topics. When people receive clear, accessible information—especially in areas that may initially seem intimidating, such as investing—they are more likely to feel reassured and capable of taking action.

Vanguard is looking at the different ways financial learning moments can be built into investment journeys and continues to test concepts with our clients.

“The result provides real world evidence that clearer, more informative risk disclosures not only improve understanding but also support customer follow through”

Conclusion

Traditional warnings often have the opposite of their intended effect. Instead of protecting consumers, they frequently trigger anxiety, confusion and disengagement, particularly among newer or more hesitant investors.

Our findings show that risk disclosures do not need to be stark or intimidating to meet regulatory expectations. In fact, clearer, supportive and more balanced messages help investors better understand the risks involved and make more confident long term decisions. With journey-based messaging

and contextual placement helping build trust with new investors – improving both customer experience and investment participation.

Now is the time for investment firms to lead the way in making risk disclosures informative and reassuring, enabling more people to invest confidently for their long-term financial wellbeing.

Important information

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